



## LIEUTENANT GOVERNOR'S OFFICE

### ENTREPRENEURSHIP TASK FORCE

**December 15, 2016 - 11:00 a.m.**

#### MEETING LOCATION

InNEVation Center  
3rd Floor Classroom  
6795 S Edmond Street  
Las Vegas, NV 89118

## NOTICE OF PUBLIC MEETING

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THIS MEETING IS IN COMPLIANCE WITH THE "NEVADA OPEN MEETING LAW" AND HAS BEEN PROPERLY NOTICED AND POSTED AT THE FOLLOWING LOCATIONS:

State Capitol Building, Carson City, Nevada  
Grant Sawyer Building, Las Vegas, Nevada  
Legislative Counsel Bureau, Carson City and Las Vegas, Nevada  
Nevada State Library, Carson City, Nevada  
Nevada Commission on Tourism, Carson City, Nevada  
Websites [www.ltgov.nv.gov](http://www.ltgov.nv.gov) and [www.notice.nv.gov](http://www.notice.nv.gov)

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- Action may be taken on those items denoted "For Possible Action".
  - Items on this agenda may be taken in a different order than listed.
  - Two or more agenda items may be combined for consideration.
  - An item may be removed from this agenda or discussion relating to an item on this agenda may be delayed at any time.
  - Public comment will be allowed at the beginning and at the end of the meeting. Because of time considerations, the period for public comment by each speaker may be limited to 3 minutes at the discretion of the chair, and speakers are urged to avoid repetition of comments made by previous speakers.
  - Meetings are audio-recorded as part of the public record. Speakers are requested to identify themselves before speaking.

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## AGENDA

- 1. Call to Order, Roll Call and Establish Quorum**
- 2. Public Comment**

Public comment is welcomed. A period of public comment will be allowed at the beginning and at the end of the meeting. Because of time considerations, the period for

public comment by each speaker may be limited to three (3) minutes and speakers are urged to avoid repetition of comments made by previous speakers.

3. **Opening Remarks**
4. **Approval of the October 19, 2016 Task Force Meeting Minutes - For Possible Action**
5. **Task Force Member Comments**
6. **Presentation and Discussion on Nevada's Entrepreneurial Pieces (Leith Martin, Jonas Peterson)**
7. **Discussion and Identification of the Regions Strengths and Weaknesses - For Possible Action**
8. **Summit Proposal (Bill Botts, Bill Payne)**
9. **Update on Bill Draft Request for the 2017 Legislative Session**
10. **Direction on Entrepreneurship Task Force Next Steps**
11. **Closing Remarks**
12. **Public Comment**

Public comment is welcomed. A period of public comment will be allowed at the beginning and at the end of the meeting. Because of time considerations, the period for public comment by each speaker may be limited to three (3) minutes and speakers are urged to avoid repetition of comments made by previous speakers.

13. **Adjournment - For Possible Action**

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The public may acquire this agenda and supporting materials, pursuant to NRS 241.020(2) by contacting **Cathy Erskine**, Office of the Lieutenant Governor, (775) 684-7111 or via email to [cjerskine@ltgov.nv.gov](mailto:cjerskine@ltgov.nv.gov) Materials are available at the Office of the Lieutenant Governor, 101 N. Carson Street Suite 2, Carson City, Nevada and on [www.ltgov.nv.gov](http://www.ltgov.nv.gov)

Persons with disabilities who require special accommodations or assistance at the meeting should **Cathy Erskine**, Office of the Lieutenant Governor, (775) 684-7111 or [cjerskine@ltgov.nv.gov](mailto:cjerskine@ltgov.nv.gov) prior to the meeting.

# SNV ENTREPRENEURIAL ECOSYSTEM MAP

UPDATED 12.02.16

Networking, Community & Start-up Events		Formal Education		Industry Education	Coworking Spaces	Incubators & Accelerators	Advisory Services	Government Assistance	Investors
Startup Weekend	Angel Pollination	UNLV Entrepreneurship Major	UNLV Entrepreneurship Minor	NV Institute for Renewable Energy Commercialization	Work in Progress	The Mill	SCORE	SBDC	Rebel Venture Fund
Technology Assessment Committee Meetings	Funding Post	Global Entrepreneurship Experience	New Venture Concentration (MBA)	Restaurant CFO Bootcamp/BDO	Innovation Center	Iron Yard Hospitality Accelerator	BizCONNECT/LVGEA	NV Microenterprise Initiative	Silver State Fund
Las Vegas Entrepreneur Business Network	UNLV Tech Transfer office	Mendenhall Innovation Center (UNLV)	Sr Design Competition (UNLV)	Global Online Advanced Learning/Las Vegas PBS	SYN Shop	Henderson Business Resource Center	UNLV Center for Business and Economic Research (CBER)	NV Capital Investment Corporation	Battle Born Fund
Southern Nevada Business Plan Competition	NV Center for Entrepreneurship & Technology	Tech Commercialization Certificate	Tech Commercialization Minor	Culinary Academy of Las Vegas	One Dollar Office Space/The Glenn Group	Urban Chamber of Commerce		Nevada Procurement Technical Assistance Center (PTAC)	VegasTechFund Capital
Governor's Cup Business Plan Competition	Vegas Jelly / Las Vegas Startups	NSF I-Corp Site	Governor's Cup	Film Connection Film Institute	CoBiz			Veterans Business Outreach Center	Various Individuals
Entrepreneurs Organization Las Vegas Chapter	Young Entrepreneurs Organization	RedFlint	Entrepreneurship Minor/Nevada State College		Stitch Factory/Downtown			Nevada Office of Business & Industry	
Las Vegas Executives Association	UNLV Rebel Business Network	Social Entrepreneurship Minor/Nevada State College	New Venture Certificate		Emergency Arts/Downtown			NV Governor's Office of Economic Development International Trade Division	
Las Vegas Metro Chamber	vegastech.com				Co-Operate on Main				
Urban Chamber	Henderson Chamber								
Latin Chamber	Asian Chamber								



## Strengths and Weaknesses of the Southern Region

*The following was identified and discussed during the October meeting.*

### Strengths

- Unique market
- Plenty of opportunity
- Access/availability of resources
- Las Vegas conferences and event draw
- Available talent and future entrepreneurs

### Weaknesses

- Lack of education/awareness
- Disconnection/fragmentation
- Limited access to funding
  - Lack of venture capital
  - Lack of follow on capital
- Lack of centralization of entrepreneurial resources

To: The Lt. Governor's Entrepreneurship Task Force  
From: Bill Payne  
Date: 12/1/2016  
Re: **Proposal: A Summit on "Building an Entrepreneurial Nevada"**

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**The purpose of the Summit is to:**

1. Introduce Nevada stakeholders to national experts in building robust entrepreneurial communities and;
2. Use facilitated small groups of these stakeholders to develop short and mid-term action items to kick start the entrepreneurial ecosystem in Nevada.

Stakeholders will include 60 Nevada leaders in education, government and the private sector who by their experience or position can influence the expansion of an entrepreneurial economy throughout Nevada. Participants will be recruited from Reno, Las Vegas and rural Nevada. This program will require engagement for a full day and will be scheduled in the Spring of 2017.

**A proposed format is as follows:**

- Three keynote national experts will be invited to speak for 45 minutes each on (a) the story of building the entrepreneur ecosystem in their community and (b) lessons learned in their journey.
- After each talk, the attendees will be divided into six groups, with attendees representing Reno, Las Vegas and rural Nevada grouped together.
- A 45-minute facilitated discussion in these small groups will address the following questions:
  1. In the region (Reno, Las Vegas or rural), what are the strengths and weaknesses of our ecosystem?
  2. What can we accomplish in the next one year (and five years) to take advantage of our strengths and upgrade areas of weaknesses?
  3. How can universities, governments and the private sector work together to encourage entrepreneurs in Nevada?
- Each small group will then report back their findings to the entire Summit for discussion (45 minutes).
- After the third talk and breakout sessions, the meeting will wrap up with a facilitated discussion identifying key action items for Nevada that require action now.

**Three possible candidates as speakers are proposed, as follows:**

**Brad Feld** – A graduate of MIT, Brad has been an early stage investor and entrepreneur since 1987. Prior to co-founding Foundry Group, he was one of the founders of Mobius Venture Capital and, prior to that, founded Intensity Ventures. Brad is also a founder of the TechStars in Boulder, which has since expanded into many cities worldwide. In addition to his investing efforts, Brad has been active with several non-profit organizations and currently is chair of the National Center for Women & Information Technology, co-chair of Startup Colorado, and on the board of Path Forward. Brad is a speaker on the topics of venture capital investing and entrepreneurship and writes the blogs Feld Thoughts, Startup Revolution, and Ask the VC. Brad has invested in several hundred startup companies and has written six books including *Do More Faster: TechStars Lessons to Accelerate Your Startup* with David Cohen (2010) and *Startup Communities: Building an Entrepreneurial Ecosystem in Your City* (2012).

**Bruce Gjovig** - Bruce has been North Dakota's "go-to guy" for entrepreneurship, innovation, and capital investing since he launched the University of North Dakota's Center for Innovation in 1984. The Center has helped launch 700 ventures and created over 6,000 jobs. The Center for Innovation was one of first five incubators in the world to secure the soft landings designation by the National Business Incubation Association (NBIA) in 2006, and six years later there are just 25 incubators out of 5,000 worldwide (half of one percent) with that designation and certification. The other Soft Landings incubators are located in such places as Hong Kong, England, Netherlands, Australia, Belgium, France, Taiwan, San Jose, Baltimore, Boston, Philadelphia and Grand Forks. Bruce has initiated the creation of six angel organizations in North Dakota. Because of his encouragement and support of entrepreneurship in Norway through UND's Nordic Initiative, the royal palace in Oslo has announced that Gjovig received the Royal Norwegian Order of Merit, which is given for "outstanding service in the interests of Norway." In 2014, CPAC honored Gjovig with its Ronald Reagan Award given annually to the lead in fighting in the trenches for conservative principles embodied by President Ronald Reagan.

**Mary Walshok** – Dr. Walshok is an author, educator, researcher, and Associate Vice Chancellor for Public Programs and Dean of Extension at the University of California San Diego. She is a thought leader and subject matter expert on aligning workforce development with regional economic growth. Walshok is the recipient of numerous awards including the Kellogg Foundation's Leadership Fellowship and induction into Sweden's Royal Order of the Polar Star. Active on boards of a number of arts and philanthropic organizations, Walshok chaired the boards of the San Diego Community foundation during 2002-2004 and the International Community Foundation during 2007-2009. She is currently serving on the boards of San Diego CONNECT for which she is recognized as a keystone founder. CONNECT was founded in 1985 with the mission of contributing to the increased commercialization of research in San Diego and stimulating economic growth in the region. CONNECT has assisted the formation and development of over 1,000 companies, and is widely regarded as one of the United States' most successful regional programs linking entrepreneurs with the resources they need to succeed. CONNECT has since "franchised" their model in 30 communities worldwide.



SENATE BILL NO. 32—COMMITTEE ON JUDICIARY

(ON BEHALF OF THE LIEUTENANT GOVERNOR)

PREFILED NOVEMBER 16, 2016

Referred to Committee on Judiciary

SUMMARY—Makes various changes to provisions governing investment advisers and securities. (BDR 7-417)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: Yes.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to securities; exempting certain investment advisers from the requirement to hold a license; requiring the exempted investment advisers to file reports and pay fees; revising the exemption from registration and filing requirements for certain transactions involving securities; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 Existing law prohibits a person from transacting business in this State as an  
2 investment adviser unless the person is licensed as an investment adviser or exempt  
3 from licensing. (NRS 90.330) **Section 4** of this bill exempts certain investment  
4 advisers from the requirement to be licensed under state law if the investment  
5 adviser, as a result of acting as an investment adviser solely to certain venture  
6 capital funds or certain private funds, is exempt from registration with the  
7 Securities and Exchange Commission under federal law or regulations. **Section 2** of  
8 this bill requires such an investment adviser to file certain reports with the  
9 Administrator of the Securities Division of the Office of the Secretary of State, pay  
10 a fee and, if the investment adviser advises certain kinds of funds, meet certain  
11 additional requirements.

12 Existing law prohibits a person from selling or offering to sell a security in this  
13 State unless the security is registered or the security or transaction is exempt from  
14 registration under chapter 90 of NRS. (NRS 90.460) Existing law generally  
15 exempts a transaction pursuant to an offer to sell securities of an issuer if there are  
16 not more than 25 purchasers in this State during any 12 consecutive months and  
17 certain other conditions are satisfied. (NRS 90.530) **Section 5** of this bill revises  
18 this exemption to apply to a sale or offer to sell such securities and increases the  
19 maximum number of purchasers in this State from 25 to 35 during any 12  
20 consecutive months.



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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     **Section 1.** Chapter 90 of NRS is hereby amended by adding  
2 thereto the provisions set forth as sections 2 and 3 of this act.

3     **Sec. 2. 1.** *Except as otherwise provided in section 3 of this*  
4 *act, an investment adviser is exempt from licensing under NRS*  
5 *90.330 pursuant to paragraph (b) of subsection 1 of NRS 90.340*  
6 *only if the investment adviser:*

7     *(a) Is not disqualified and is not affiliated with an entity that is*  
8 *disqualified from claiming an exemption for a sale of securities*  
9 *pursuant to 17 C.F.R. § 230.506(d)(1).*

10     *(b) Files with the Administrator, using the Investment Adviser*  
11 *Registration Depository, a copy of each report, and all*  
12 *amendments thereto, that the investment adviser is required to file*  
13 *with the Securities and Exchange Commission pursuant to 17*  
14 *C.F.R. § 275.204-4.*

15     *(c) Pays all fees that the investment adviser would owe*  
16 *pursuant to NRS 90.360 if he or she were licensed as an*  
17 *investment adviser in this State.*

18     *(d) For an investment adviser who advises at least one fund*  
19 *described by 15 U.S.C. 80a-3(c)(1) which is not a venture capital*  
20 *fund, as defined in 17 C.F.R. § 275.203(l)-1:*

21     *(1) Advises only funds described by 15 U.S.C. 80a-3(c)(1)*  
22 *which are not venture capital funds, as defined in 17 C.F.R. §*  
23 *275.203(l)-1, that are beneficially owned entirely by persons who,*  
24 *after deducting the value of the primary residence of the person*  
25 *from the net worth of the person, are qualified clients, as defined*  
26 *in 17 C.F.R. § 275.205-3, at the time such persons became owners*  
27 *of the fund;*

28     *(2) Discloses to each beneficial owner of a fund described*  
29 *by 15 U.S.C. 80a-3(c)(1) which is not a venture capital fund, as*  
30 *defined in 17 C.F.R. § 275.203(l)-1, at the time the person*  
31 *acquires beneficial ownership:*

32     *(I) All services, if any, that the investment adviser*  
33 *provides to each beneficial owner;*

34     *(II) All duties, if any, that the investment adviser owes to*  
35 *each beneficial owner; and*

36     *(III) Any other material information affecting the rights*  
37 *or responsibilities of each beneficial owner; and*

38     *(3) Annually obtains an audited financial statement of each*  
39 *fund described by 15 U.S.C. 80a-3(c)(1) which is not a venture*  
40 *capital fund, as defined in 17 C.F.R. § 275.203(l)-1, and delivers a*  
41 *copy of the audited financial statement to each beneficial owner of*  
42 *the fund.*



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1       2. *As used in this section:*

2       (a) *"Investment Adviser Registration Depository" has the*  
3 *meaning ascribed to it in NRS 90.350.*

4       (b) *"Value of the primary residence" means the amount that is*  
5 *determined by subtracting from the fair market value of the*  
6 *property constituting the primary residence of a person the*  
7 *amount of any debt secured by the property not exceeding the fair*  
8 *market value of the property.*

9       Sec. 3. *An investment adviser who has filed and maintains a*  
10 *completed and current registration with the Securities and*  
11 *Exchange Commission:*

12       1. *Is not exempt from licensing under NRS 90.330 pursuant*  
13 *to paragraph (b) of subsection 1 of NRS 90.340; and*

14       2. *Shall comply with the requirements of subsection 2 of*  
15 *NRS 90.350.*

16       Sec. 4. NRS 90.340 is hereby amended to read as follows:

17       90.340 1. The following persons are exempt from licensing  
18 under NRS 90.330:

19       (a) An investment adviser who is ~~registered~~ :

20       (1) *Registered* or is not required to be registered as an  
21 investment adviser under the Investment Advisers Act of 1940 if:

22       ~~(1)~~ (I) Its only clients in this State are other investment  
23 advisers, broker-dealers or financial or institutional investors;

24       ~~(2)~~ (II) The investment adviser has no place of business in  
25 this State and directs business communications in this State to a  
26 person who is an existing client of the investment adviser and whose  
27 principal place of residence is not in this State; or

28       ~~(3)~~ (III) The investment adviser has no place of business  
29 in this State and during any 12 consecutive months it does not direct  
30 business communications in this State to more than five present or  
31 prospective clients other than those specified in ~~subparagraph (1),~~  
32 *sub-subparagraph (I)*, whether or not the person or client to whom  
33 the communication is directed is present in this State; *or*

34       (2) *Except as otherwise provided in section 3 of this act,*  
35 *exempt from registration with the Securities and Exchange*  
36 *Commission pursuant to 15 U.S.C. § 80b-3(l) or 17 C.F.R. §*  
37 *275.203(m)-1 if the investment adviser satisfies the requirements*  
38 *of section 2 of this act;*

39       (b) A representative of an investment adviser who is employed  
40 by an investment adviser who is exempt from licensing pursuant to  
41 paragraph (a);

42       (c) A sales representative licensed pursuant to NRS 90.310 who:

43       (1) Has passed the following examinations administered by  
44 the Financial Industry Regulatory Authority:



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1 (I) The Uniform Investment Adviser Law Examination,  
2 designated as the Series 65 examination; or

3 (II) The Uniform Combined State Law Examination  
4 designated as the Series 66 examination and the General Securities  
5 Registered Representative Examination, designated as the Series 7  
6 examination; or

7 (2) On January 1, 1996, has been continuously licensed in  
8 this State as a sales representative for 5 years or more; and

9 (d) Other investment advisers and representatives of investment  
10 advisers the Administrator by regulation or order exempts.

11 2. The Administrator may, by order or rule, waive the  
12 examinations required by subparagraph (1) of paragraph (c) of  
13 subsection 1 for an applicant or a class of applicants if the  
14 Administrator determines that the examination is not necessary for  
15 the protection of investors because of the training and experience of  
16 the applicant or class of applicants.

17 **Sec. 5.** NRS 90.530 is hereby amended to read as follows:

18 90.530 The following transactions are exempt from NRS  
19 90.460 and 90.560:

20 1. An isolated nonissuer transaction, whether or not effected  
21 through a broker-dealer.

22 2. A nonissuer transaction in an outstanding security if the  
23 issuer of the security has a class of securities subject to registration  
24 under section 12 of the Securities Exchange Act of 1934, 15 U.S.C.  
25 § 78l, and has been subject to the reporting requirements of section  
26 13 or 15(d) of the Securities Exchange Act of 1934, 15 U.S.C. §§  
27 78m and 78o(d), for not less than 90 days next preceding the  
28 transaction, or has filed and maintained with the Administrator for  
29 not less than 90 days preceding the transaction information, in such  
30 form as the Administrator, by regulation, specifies, substantially  
31 comparable to the information the issuer would be required to file  
32 under section 12(b) or 12(g) of the Securities Exchange Act of 1934,  
33 15 U.S.C. §§ 78l(b) and 78l(g), were the issuer to have a class of its  
34 securities registered under section 12 of the Securities Exchange Act  
35 of 1934, 15 U.S.C. § 78l, and paid a fee of \$300 with the filing.

36 3. A nonissuer transaction by a sales representative licensed in  
37 this State, in an outstanding security if:

38 (a) The security is sold at a price reasonably related to the  
39 current market price of the security at the time of the transaction;

40 (b) The security does not constitute all or part of an unsold  
41 allotment to, or subscription or participation by, a broker-dealer as  
42 an underwriter of the security;

43 (c) At the time of the transaction, a recognized securities manual  
44 designated by the Administrator by regulation or order contains the  
45 names of the issuer's officers and directors, a statement of the



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1 financial condition of the issuer as of a date within the preceding 18  
2 months, and a statement of income or operations for each of the last  
3 2 years next preceding the date of the statement of financial  
4 condition, or for the period as of the date of the statement of  
5 financial condition if the period of existence is less than 2 years;

6 (d) The issuer of the security has not undergone a major  
7 reorganization, merger or acquisition within the preceding 30 days  
8 which is not reflected in the information contained in the manual;  
9 and

10 (e) At the time of the transaction, the issuer of the security has a  
11 class of equity security listed on the New York Stock Exchange,  
12 American Stock Exchange or other exchange designated by the  
13 Administrator, or on the National Market System of the National  
14 Association of Securities Dealers Automated Quotation System. The  
15 requirements of this paragraph do not apply if:

16 (1) The security has been outstanding for at least 180 days;

17 (2) The issuer of the security is actually engaged in business  
18 and is not developing the issuer's business, in bankruptcy or in  
19 receivership; and

20 (3) The issuer of the security has been in continuous  
21 operation for at least 5 years.

22 4. A nonissuer transaction in a security that has a fixed  
23 maturity or a fixed interest or dividend provision if there has been  
24 no default during the current fiscal year or within the 3 preceding  
25 years, or during the existence of the issuer, and any predecessors if  
26 less than 3 years, in the payment of principal, interest or dividends  
27 on the security.

28 5. A nonissuer transaction effected by or through a registered  
29 broker-dealer pursuant to an unsolicited order or offer to purchase.

30 6. A transaction between the issuer or other person on whose  
31 behalf the offering of a security is made and an underwriter, or a  
32 transaction among underwriters.

33 7. A transaction in a bond or other evidence of indebtedness  
34 secured by a real estate mortgage, deed of trust, personal property  
35 security agreement, or by an agreement for the sale of real estate or  
36 personal property, if the entire mortgage, deed of trust or agreement,  
37 together with all the bonds or other evidences of indebtedness  
38 secured thereby, is offered and sold as a unit.

39 8. A transaction by an executor, administrator, sheriff, marshal,  
40 receiver, trustee in bankruptcy, guardian or conservator.

41 9. A transaction executed by a bona fide secured party without  
42 the purpose of evading this chapter.

43 10. An offer to sell or the sale of a security to a financial or  
44 institutional investor or to a broker-dealer.



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1 11. Except as otherwise provided in this subsection, a  
2 ~~{transaction pursuant to}~~ **sale or** an offer to sell securities of an  
3 issuer if:

4 (a) The transaction is part of an issue in which there are not  
5 more than ~~{25}~~ **35** purchasers in this State, other than those  
6 designated in subsection 10, during any 12 consecutive months;

7 (b) No general solicitation or general advertising is used in  
8 connection with the offer to sell or sale of the securities;

9 (c) No commission or other similar compensation is paid or  
10 given, directly or indirectly, to a person, other than a broker-dealer  
11 licensed or not required to be licensed under this chapter, for  
12 soliciting a prospective purchaser in this State; and

13 (d) One of the following conditions is satisfied:

14 (1) The seller reasonably believes that all the purchasers in  
15 this State, other than those designated in subsection 10, are  
16 purchasing for investment; or

17 (2) Immediately before and immediately after the  
18 transaction, the issuer reasonably believes that the securities of the  
19 issuer are held by 50 or fewer beneficial owners, other than those  
20 designated in subsection 10, and the transaction is part of an  
21 aggregate offering that does not exceed \$500,000 during any 12  
22 consecutive months.

23 ➡ The Administrator by rule or order as to a security or transaction  
24 or a type of security or transaction may withdraw or further  
25 condition the exemption set forth in this subsection or waive one or  
26 more of the conditions of the exemption.

27 12. An offer to sell or sale of a preorganization certificate or  
28 subscription if:

29 (a) No commission or other similar compensation is paid or  
30 given, directly or indirectly, for soliciting a prospective subscriber;

31 (b) No public advertising or general solicitation is used in  
32 connection with the offer to sell or sale;

33 (c) The number of offers does not exceed 50;

34 (d) The number of subscribers does not exceed 10; and

35 (e) No payment is made by a subscriber.

36 13. An offer to sell or sale of a preorganization certificate or  
37 subscription issued in connection with the organization of a  
38 depository institution if that organization is under the supervision of  
39 an official or agency of a state or of the United States which has and  
40 exercises the authority to regulate and supervise the organization of  
41 the depository institution. For the purpose of this subsection, "under  
42 the supervision of an official or agency" means that the official or  
43 agency by law has authority to require disclosures to prospective  
44 investors similar to those required under NRS 90.490, impound  
45 proceeds from the sale of a preorganization certificate or



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1 subscription until organization of the depository institution is  
2 completed, and require refund to investors if the depository  
3 institution does not obtain a grant of authority from the appropriate  
4 official or agency.

5 14. A transaction pursuant to an offer to sell to existing  
6 security holders of the issuer, including persons who at the time of  
7 the transaction are holders of transferable warrants exercisable  
8 within not more than 90 days after their issuance, convertible  
9 securities or nontransferable warrants, if:

10 (a) No commission or other similar compensation, other than a  
11 standby commission, is paid or given, directly or indirectly, for  
12 soliciting a security holder in this State; or

13 (b) The issuer first files a notice specifying the terms of the offer  
14 to sell, together with a nonrefundable fee of \$300, and the  
15 Administrator does not by order disallow the exemption within the  
16 next 5 full business days.

17 15. A transaction involving an offer to sell, but not a sale, of a  
18 security not exempt from registration under the Securities Act of  
19 1933, 15 U.S.C. §§ 77a et seq., if:

20 (a) A registration or offering statement or similar record as  
21 required under the Securities Act of 1933, 15 U.S.C. §§ 77a et seq.,  
22 has been filed, but is not effective;

23 (b) A registration statement, if required, has been filed under  
24 this chapter, but is not effective; and

25 (c) No order denying, suspending or revoking the effectiveness  
26 of registration, of which the offeror is aware, has been entered by  
27 the Administrator or the Securities and Exchange Commission, and  
28 no examination or public proceeding that may culminate in that kind  
29 of order is known by the offeror to be pending.

30 16. A transaction involving an offer to sell, but not a sale, of a  
31 security exempt from registration under the Securities Act of 1933,  
32 15 U.S.C. §§ 77a et seq., if:

33 (a) A registration statement has been filed under this chapter, but  
34 is not effective; and

35 (b) No order denying, suspending or revoking the effectiveness  
36 of registration, of which the offeror is aware, has been entered by  
37 the Administrator and no examination or public proceeding that may  
38 culminate in that kind of order is known by the offeror to be  
39 pending.

40 17. A transaction involving the distribution of the securities of  
41 an issuer to the security holders of another person in connection  
42 with a merger, consolidation, exchange of securities, sale of assets  
43 or other reorganization to which the issuer, or its parent or  
44 subsidiary, and the other person, or its parent or subsidiary, are  
45 parties, if:



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1 (a) The securities to be distributed are registered under the  
2 Securities Act of 1933, 15 U.S.C. §§ 77a et seq., before the  
3 consummation of the transaction; or

4 (b) The securities to be distributed are not required to be  
5 registered under the Securities Act of 1933, 15 U.S.C. §§ 77a et  
6 seq., written notice of the transaction and a copy of the materials, if  
7 any, by which approval of the transaction will be solicited, together  
8 with a nonrefundable fee of \$300, are given to the Administrator at  
9 least 10 days before the consummation of the transaction and the  
10 Administrator does not, by order, disallow the exemption within the  
11 next 10 days.

12 18. A transaction involving the offer to sell or sale of one or  
13 more promissory notes each of which is directly secured by a first  
14 lien on a single parcel of real estate, or a transaction involving the  
15 offer to sell or sale of participation interests in the notes if the notes  
16 and participation interests are originated by a depository institution  
17 and are offered and sold subject to the following conditions:

18 (a) The minimum aggregate sales price paid by each purchaser  
19 may not be less than \$250,000;

20 (b) Each purchaser must pay cash either at the time of the sale or  
21 within 60 days after the sale; and

22 (c) Each purchaser may buy for the purchaser's own account  
23 only.

24 19. A transaction involving the offer to sell or sale of one or  
25 more promissory notes directly secured by a first lien on a single  
26 parcel of real estate or participating interests in the notes, if the  
27 notes and interests are originated by a mortgagee approved by the  
28 Secretary of Housing and Urban Development under sections 203  
29 and 211 of the National Housing Act, 12 U.S.C. §§ 1709 and 1715b,  
30 and are offered or sold, subject to the conditions specified in  
31 subsection 18, to a depository institution or insurance company, the  
32 Federal Home Loan Mortgage Corporation, the Federal National  
33 Mortgage Association or the Government National Mortgage  
34 Association.

35 20. A transaction between any of the persons described in  
36 subsection 19 involving a nonassignable contract to buy or sell the  
37 securities described in subsection 18 if the contract is to be  
38 completed within 2 years and if:

39 (a) The seller of the securities pursuant to the contract is one of  
40 the parties described in subsection 18 or 19 who may originate  
41 securities;

42 (b) The purchaser of securities pursuant to a contract is any  
43 other person described in subsection 19; and

44 (c) The conditions described in subsection 18 are fulfilled.



1       21. A transaction involving one or more promissory notes  
2 secured by a lien on real estate, or participating interests in those  
3 notes, by:

4       (a) A mortgage banker licensed pursuant to chapter 645E of  
5 NRS to engage in those transactions; or

6       (b) A mortgage broker licensed pursuant to chapter 645B of  
7 NRS to engage in those transactions.

③⑩



\* S B 3 2 \*

SENATE BILL NO. 82—COMMITTEE ON  
COMMERCE, LABOR AND ENERGY

(ON BEHALF OF THE LIEUTENANT GOVERNOR)

PREFILED NOVEMBER 17, 2016

Referred to Committee on Commerce, Labor and Energy

SUMMARY—Revises provisions relating to employment and trade secrets. (BDR 53-419)

FISCAL NOTE: Effect on Local Government: No.  
Effect on the State: No.

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to employment; prohibiting certain noncompete agreements; increasing the maximum fine for the wrongful acquisition or disclosure of a trade secret; providing a penalty; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

1 The “anti-blacklisting” provisions of existing law prohibit a person or business  
2 from doing anything intended to prevent a former employee from obtaining  
3 employment elsewhere in this State. However, this prohibition generally does not  
4 preclude an employer and employee from entering into a “noncompete” agreement,  
5 pursuant to which the employee is barred from pursuing a similar, competing  
6 vocation or becoming the employee of a competitor. Any such agreement must be  
7 supported by consideration and must be reasonable in scope and duration. (NRS  
8 613.200) **Sections 1 and 4** of this bill prohibit an employer from negotiating,  
9 executing or enforcing a noncompete agreement that purports to prohibit an  
10 employee from becoming employed by a “start-up company,” defined as a  
11 corporation that has been incorporated for less than 5 years and meets certain other  
12 criteria. Any such agreement entered into on or after October 1, 2017, is void and  
13 unenforceable.

14 Existing law makes it a felony punishable by imprisonment and a fine of not  
15 more than \$10,000 to wrongfully acquire a trade secret with intent to injure the  
16 owner of the trade secret. (NRS 600A.035) **Section 3** of this bill increases the  
17 maximum amount of such a fine to \$100,000 per violation.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN  
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

**Section 1.** Chapter 613 of NRS is hereby amended by adding thereto a new section to read as follows:

*1. An employer in this State shall not negotiate, execute or attempt to enforce any agreement with an employee pursuant to which the employee is prohibited from becoming employed by a start-up company. To the extent an employer enters into such an agreement, the agreement is void and unenforceable.*

*2. A violation of this section is not a criminal offense.*

*3. As used in this section, "start-up company" means a corporation that has been incorporated for less than 5 years and meets three or more of the following criteria:*

*(a) The corporation has annual profits of less than \$5,000,000.*

*(b) The corporation has annual revenues of less than \$50,000,000.*

*(c) The corporation employs less than 50 persons.*

*(d) The outstanding shares of the corporation have a cumulative worth of less than \$100,000,000.*

**Sec. 2.** NRS 613.200 is hereby amended to read as follows:

613.200 1. Except as otherwise provided in this section ~~†~~ *and section 1 of this act*, any person, association, company or corporation within this State, or any agent or officer on behalf of the person, association, company or corporation, who willfully does anything intended to prevent any person who for any cause left or was discharged from his, her or its employ from obtaining employment elsewhere in this State is guilty of a gross misdemeanor and shall be punished by a fine of not more than \$5,000.

2. In addition to any other remedy or penalty, the Labor Commissioner may impose against each culpable party an administrative penalty of not more than \$5,000 for each such violation.

3. If a fine or an administrative penalty is imposed pursuant to this section, the costs of the proceeding, including investigative costs and attorney's fees, may be recovered by the Labor Commissioner.

4. ~~†The~~ *Except as otherwise provided in section 1 of this act, the* provisions of this section do not prohibit a person, association, company, corporation, agent or officer from negotiating, executing and enforcing an agreement with an employee of the person, association, company or corporation which, upon termination of the employment, prohibits the employee from:



\* S B 8 2 \*

1 (a) Pursuing a similar vocation in competition with or becoming  
2 employed by a competitor of the person, association, company or  
3 corporation; or

4 (b) Disclosing any trade secrets, business methods, lists of  
5 customers, secret formulas or processes or confidential information  
6 learned or obtained during the course of his or her employment with  
7 the person, association, company or corporation,

8 ➤ if the agreement is supported by valuable consideration and is  
9 otherwise reasonable in its scope and duration.

10 **Sec. 3.** NRS 600A.035 is hereby amended to read as follows:

11 600A.035 A person who, with intent to injure an owner of a  
12 trade secret or with reason to believe that his or her actions will  
13 injure an owner of a trade secret, without limitation:

14 1. Steals, misappropriates, takes or conceals a trade secret or  
15 obtains a trade secret through fraud, artifice or deception;

16 2. Wrongfully copies, duplicates, sketches, draws,  
17 photographs, alters, destroys, photocopies, replicates, transmits,  
18 delivers, sends, mails, communicates or conveys a trade secret;

19 3. Receives, buys or possesses a trade secret with knowledge or  
20 reason to know that the trade secret was obtained as described in  
21 subsection 1 or 2;

22 4. Attempts to commit an offense described in subsection 1, 2  
23 or 3;

24 5. Solicits another person to commit an offense described in  
25 subsection 1, 2 or 3; or

26 6. Conspires to commit an offense described in subsection 1, 2  
27 or 3, and one of the conspirators performs an act to further the  
28 conspiracy,

29 ➤ is guilty of a category C felony and shall be punished by  
30 imprisonment in the state prison for a minimum term of not less  
31 than 1 year and a maximum term of not more than 10 years and may  
32 be further punished by a fine of not more than ~~[\$10,000.]~~ **\$100,000**  
33 **per violation.**

34 **Sec. 4.** The provisions of section 1 of this act do not apply to  
35 any agreement entered into before October 1, 2017.

